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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

APPLICATION OF

DOSWELL LIMITED PARTNERSHIP

CASE NO. PUE000092

For a Certificate of Public Convenience and
Necessity pursuant to Virginia Code Section
56-265.2 and an exemption from Chapter 10
of Title 56

**Hearing Examiner
Report**

June 13, 2000

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HEARING EXAMINER: On February 18, 2000, Doswell Limited Partnership ("Doswell") filed an application with supporting testimony and exhibits requesting the issuance of a certificate of public convenience and necessity pursuant to Section 56-265.2 of the Code of Virginia, to build a single combustion turbine with a nominal rating of approximately 171 megawatts. In addition, Doswell requested (1) an exemption from the provisions of Chapter 10 of Title 56 of the Code of Virginia, (2) a waiver of or exemption from certain of the Commission's information requirements, and (3) interim authority to make financial expenditures for the project and to undertake certain permitting and site development work, all at Doswell's risk and expense.

By order dated March 7, 2000, the Commission docketed the application, assigned the case to a Hearing Examiner, established a hearing date and procedural schedule, and established public notice requirements. Also on March 7, 2000, the Commission issued a Protective Order limiting the use of documents, materials, or information Doswell designates as confidential.

On March 22, 2000, the Commission entered an Order for Supplemental Notice, requiring Doswell to publish notice specifying its request for exemption from the provisions of Section 56-234.3 of the Code of Virginia.

On April 20, 2000, the Commission issued an Order Granting Exemption thereby exempting Doswell from provisions of 56-234.3 of the Code of Virginia. In doing so, the Commission authorized Doswell to, at its own risk, make financial expenditures for site preparation, permitting and other construction activities effective immediately.

No protests were filed in this case, and no public witnesses have appeared at this proceeding today.

On April 24, 2000, Virginia Power submitted comments supporting the application. Staff and Doswell have reached an agreement as evidenced by the Stipulation presented today. The Stipulation is incorporated in this Report as an attachment. I have reviewed the Stipulation and find it to be reasonable.

Doswell is organized under the laws of the Commonwealth as a limited liability partnership. As noted in the testimony, Doswell has undergone a corporate reorganization since Doswell witness Hathaway filed his testimony on February 18, 2000. The present corporate structure is set out in Schedule 2 of Staff witness Oliver's testimony. The sole general partner of Doswell is Doswell I, Inc., a Florida corporation and a wholly owned direct subsidiary of FPL Energy, LLC. FPL Energy is wholly owned by FPL Group Capital, Inc., which is, in turn, wholly owned by FPL Group, Inc.

FPL Energy has almost 3,000 megawatts of generating capacity in operation, with more than 1,300 megawatts of additional capacity announced or under construction. These projects are located in 13 states and abroad, with geographic concentration in California, Virginia, and the Northeast.

In 1990, Doswell was granted a certificate to construct a 650 megawatt combined cycle generating plant in Hanover County, Virginia. The Doswell 650 megawatt combined cycle unit is operated as an exempt wholesale generator engaged exclusively in the wholesale sale of electric energy to Virginia Power. The generating unit proposed in this case is to be built on the existing Hanover County site, therefore much of the supporting infrastructure is in place.

Information regarding the financing of the proposed project has been afforded confidential treatment. However, Staff witness Oliver states that the financial plans appear to be reasonable and easily attainable. Financial dealings indicate that Doswell is a profitable, well-capitalized, exempt wholesale generator. In fact, Mr. Oliver testifies that Doswell, in all likelihood, could finance the project without resorting to financial help from FPL Group, or other affiliates. Of course, the fact that Doswell is part of a very large, well-capitalized utility holding company further solidifies the financial aspect of this project. Mr. Oliver concludes that Doswell possesses the financial ability to finance the proposed project.

Under Section 56-265.2 of the Code of Virginia, the Commission is not required to address need when granting a certificate for electric generating facilities that will not be included in the rate base of any regulated utility. However, it is noted that, in April of this year, Doswell and Virginia

Power entered into a contract by which Doswell will sell the energy and capacity from the proposed project to Virginia Power from June 1, 2001 through December 31, 2005. Upon expiration of the power purchase agreement, Doswell intends to operate the proposed facility as a merchant facility. Virginia Power, in its comments filed in this case, states that the project will have no material adverse effect on the rates paid by its customers. Further, by helping meet the increased load projections for the Virginia Power service territory, this project will enhance the reliability of the electrical system.

Staff has reviewed the application and states that Doswell has a well-developed preliminary plan and is capable of completing the project. Hanover County supports the application. The Virginia Department of Environmental Quality has issued a stationary source permit to construct and operate the facility. Doswell has documented its conformance with the requirements of the Chesapeake Bay Preservation Area Designation and Management Regulations.

Based on the record, I find that:

1. The Stipulation agreed to between Staff and Doswell should be adopted;
2. The proposed facility is subject to the requirements of Section 56-265.2B of the Code of Virginia;
3. The project will not have a materially adverse impact on the rates paid by customers of any regulated public utility in the Commonwealth;
4. Doswell has the financial and technical ability to complete and operate the project;
5. The project will bring economic development benefits with it, primarily in the form of increased tax base for the Commonwealth and for Hanover County;
6. The project will have no material adverse effect upon the reliability of electric service provided by any regulated public utility in the Commonwealth, and will, in fact, enhance the reliability of the electric system;
7. The proposed project is not otherwise contrary to the public interest;
8. The Commission should, pursuant to Section 56-265.2B, issue a certificate of public

convenience and necessity for the Doswell project; and

9. The project should be exempt from the remainder of the provisions of Chapter 10 of Title 56, as well as Section 56-234.3 of the Code of Virginia.

I therefore recommend that the Commission enter an order that:

1. Adopts the findings set forth above;
2. Grants Doswell a certificate of public convenience and necessity pursuant to Section 56-265.2B of the Code of Virginia for the proposed facility; and
3. Grants the Doswell proposed facility an exemption from the provisions of Chapter 10 of Title 56 and specifically Section 56-234.3 of the Code of Virginia.

This concludes my report.

Howard P. Anderson, Jr.
Hearing Examiner